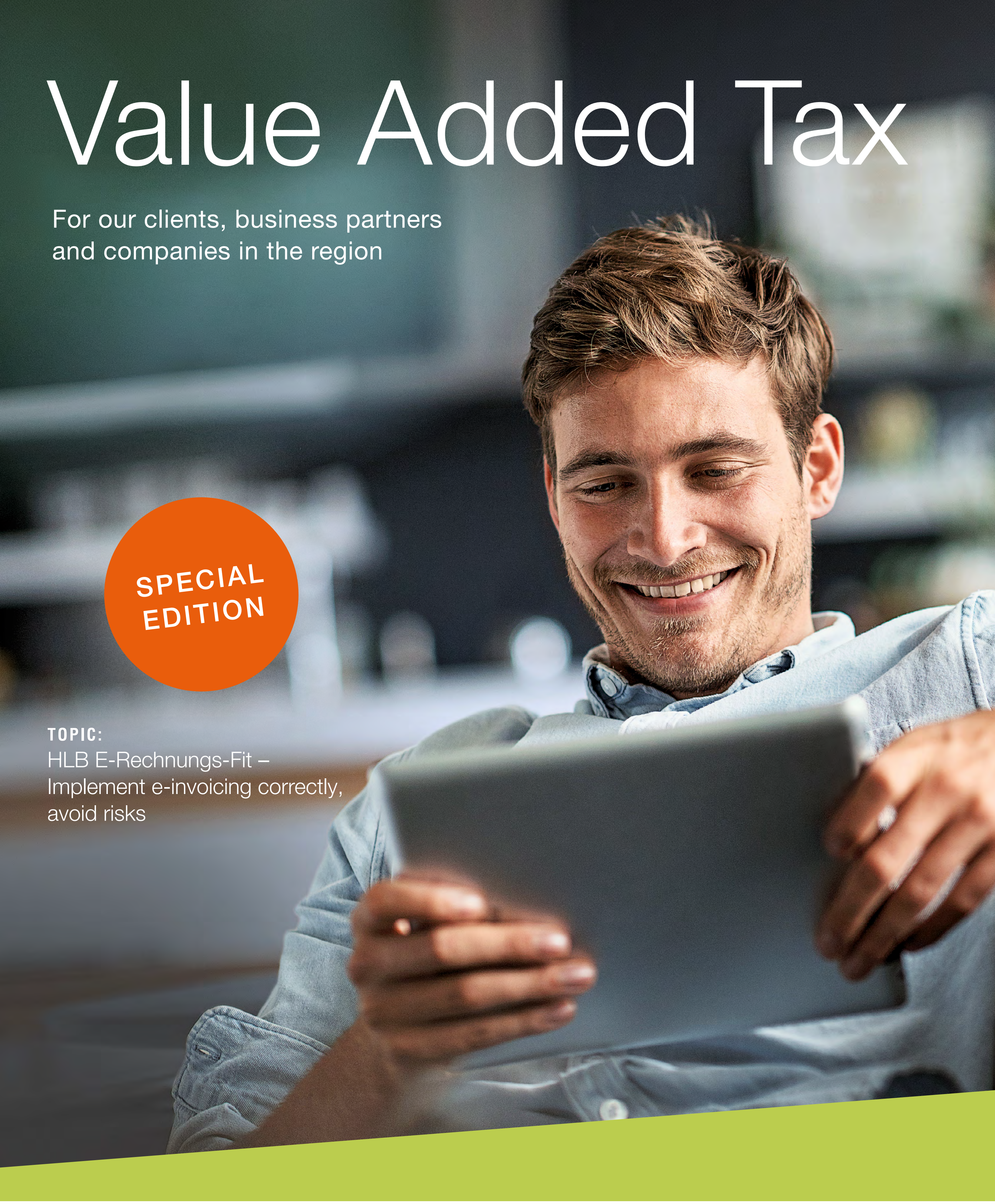

Value Added Tax

For our clients, business partners
and companies in the region

SPECIAL EDITION

TOPIC:
HLB E-Rechnungs-Fit –
Implement e-invoicing correctly,
avoid risks

HLB STÜCKMANN

EDITORIAL

Dear Sir/Madam,

In order to meet the new e-invoicing requirements by the deadline, we recommend that you start looking into the necessary technical and VAT-related adjustments no later than now.

Businesses have had to be able to receive e-invoices since 1 January 2025. From 2027 onwards, further reporting requirements will apply, depending on the company's turnover.

In our previous newsletters on e-invoicing, we have provided regular updates on the legal changes and developments since the scheme began. This newsletter provides a concise summary of the key points and contains an up-to-date overview.

The necessary adjustments are of both a VAT and a technical nature. Companies should review and adapt their internal processes, prepare their systems for EN 16931-compliant e-invoice formats, implement appropriate validation mechanisms and carry out test runs to identify errors early on. Besides this, responsibilities must be clearly defined, staff trained, and processes between the accounts, purchasing and sales departments coordinated.

Our **HLB E-Rechnungs-Fit** service helps you optimise your e-invoicing solution. We analyse your incoming and outgoing invoicing processes, validate existing e-invoices and identify the technical and organisational measures required within your organisation. This will help you gain certainty and minimise future risks – particularly with regard to input tax deduction.

Please feel free to contact us if you have any questions.

Wishing you all the best, your VAT team

1. Overview

With the passing of the German Growth Opportunities Act, electronic invoicing became mandatory for domestic B2B invoices from 1 January 2025. The introduction of e-invoicing will take place in stages: from 1 January 2025, businesses must be able to receive e-invoices. The issuance of e-invoices will still be voluntary in 2026, and we are currently in a transitional phase. From 1 January 2027, companies with a total turnover of €800,000 or more in the previous year will be required to issue e-invoices; from 1 January 2028, this requirement will also apply to all other companies, with a few exceptions.

Consequently, in future, there will be a legal obligation to use e-invoices for certain domestic transactions between domestic businesses.

E-invoicing is intended to further digitise VAT within the EU. Some of the EU's neighbouring countries are already using e-invoicing for e-reporting, the digital exchange of turnover data between businesses and tax authorities. From July 2030, e-reporting is set to be introduced across Europe, including in Germany. The introduction of e-invoicing is the first step towards e-reporting. Companies would be well advised to start taking advantage of the opportunities offered by e-invoicing now, with a view to establishing a well-structured and accurate database.

Two circulars from the Federal Ministry of Finance (BMF) regarding e-invoicing are now available. The issue remains fluid, so further clarification is to be expected. Not all questions have been fully answered as yet and the technical requirements have not yet been fully implemented in all areas.

2. When does e-invoicing become mandatory?

The obligation to issue e-invoices applies only if all the legal criteria are met. The invoice recipient's consent is not required in such cases. In addition, an invoice may be issued as an e-invoice. The invoice recipient's consent is then at least implied.

2.1 Domestic residence

Both the supplier and the recipient must be domiciled in Germany or in one of the territories specified in Section 1(3) of the German Value Added Tax Act (UStG).

This condition is deemed to be met if the registered office, management, a permanent establishment (for VAT purposes) of the relevant business is involved in the transaction, or its place of residence or habitual abode is located within the country.

2.2 Domestic B2B turnover
The obligation to issue an e-invoice applies where a taxable or tax-exempt transaction under Section 4(1) to (7) German Value Added Tax Act (UStG) has taken place. This means that this condition may even be met in the case of an intra-Community supply.

2.3 Exceptions to the obligation
This obligation applies to all companies based in Germany with domestic B2B turnover that is not exempt from tax under Section 4(8) to (29) of the German Value Added Tax Act (UStG). Furthermore, small businesses, small-value invoices and travel tickets are exempt from these obligations.

3. The (e-)invoice in VAT

The definition of invoices was amended with effect from 1 January 2025. The German Value Added Tax Act now distinguishes only between e-invoices and other invoices.

Only invoices in a structured electronic format are considered e-invoices. This format must comply with European standard EN 16931. This is an XML file that can be processed automatically. In Germany, XRechnung or ZUGFERD are often used for this purpose. Other formats, such as PDF or paper invoices, will be classified as 'other invoices' in future.

Invoice issuers and recipients may also use a format other than EN 16931. However, it must enable the correct and complete extraction of the mandatory information required under the German VAT Act into a format that complies with EN 16931 or is interoperable with this standard.

4. The tax authority's view

The Federal Ministry of Finance has issued a comprehensive statement on e-invoicing. The first circular from 15 October 2024 sets out the basic framework. The second circular, dated 15 October 2025, contains additions and amendments to the previous circular.

In addition, the Federal Ministry of Finance regularly updates the FAQs on its website (most recently in March 2026).

As there are still unanswered questions and areas of uncertainty, the Federal Chamber of Tax Advisers – which represents all tax advisers in Germany, amongst other professions – has also published FAQs on its website.

5. The three major obstacles

In its circular from 15 October 2025, the tax authority introduced three types of error: formatting errors, business rule errors and content errors. Formatting and content errors can often be detected by technical solutions; content errors relate to mandatory VAT information and are not always detected by technical solutions.

5.1 Formatting errors
A format error occurs whenever an e-invoice does not comply with the permitted syntax or its technical specifications, or whenever it does not allow for correct and complete extraction (cases covered by Section 14(1), sentence 6, no. 2 of the German Value Added Tax Act). The result in each case is that there is no e-invoice, but rather another invoice for which an input tax deduction will no longer be possible after the transition period.

5.2 Business rule errors
Business rules are technical specifications used to verify the logical relationships between the pieces of information contained in an e-invoice. Business rule errors occur when an invoice file violates the business rules applicable to the relevant e-invoice format. Examples include a missing entry in the mandatory 'BT-10 Buyer reference' field or inconsistent information (the calculated tax amount does not match the stated tax amount). These errors can be identified during the validation process. Within this category of errors, a distinction must be made between whether the missing information is relevant for VAT purposes or not. Errors relevant for VAT purposes will – in the same way as formatting errors – result in the exclusion of the right to deduct input tax.

5.3 Content errors
Content errors involve breaches of the mandatory VAT disclosure requirements set out in Sections 14(4) and

14a of the German Value Added Tax Act (UStG) – and prevent the deduction of input tax. Format and business rule errors can often be detected during validation. Content errors, on the other hand, frequently go undetected because validation applications are not aware of the provisions of the German VAT Act.

6. Validation and visualisation

The consequences of these errors (in particular the exclusion of the right to deduct input tax) can be avoided by using appropriate validation tools and ensuring that incoming and outgoing processes are functioning properly. Provided that they exercise the due diligence expected of a prudent businessman, a business may rely on the technical outcome of a validation (in terms of format and business rules) carried out by a 'suitable' validation application. It is advisable to keep the validation report for reference purposes. What ultimately constitutes a 'suitable' validation application remains an open question.

As e-invoices in their XML format are difficult for humans to read, visualisation tools are often used. However, the XML file is decisive for input tax deduction. If the XML file and the visual representation differ, the XML file takes precedence.

7. How can HLB Stückmann help you?

HLB E-Rechnungs-Fit* lets us review and optimise your e-invoicing solution for incoming as well as outgoing invoices – structured, practical and effective. Among other things, we analyse whether your e-invoices comply with the legal requirements, both technically and for tax purposes. This gives you the certainty that your business needs and avoids future risks.

Why choose HLB E-Rechnungs-Fit?
Electronic invoicing is more than just a technical solution. Errors in the data structure, business rules or invoice content can have unfortunate consequences:

- Risk of losing the input tax deduction on incoming invoices
- Rejection of outgoing invoices by customers
- Cash flow risks arising from late payments
- Company audits raise uncomfortable questions

We employ HLB E-Rechnungs-Fit right at the interface where tax law, business processes and IT meet!

HLB E-Rechnungs-Fit OUT
Not all e-invoicing software is able to generate valid e-invoices. Errors in the data structure result in the customer rejecting the invoices. In these cases, you usually don't find out the exact reason for the error. Finding a solution is difficult, time-consuming and involves a lot of administrative work. In addition, the customer will not make payment until the invoice has been corrected.

We use HLB E-Rechnungs-Fit OUT to simulate the invoice verification process for your customers. This process identifies and uncovers errors in the data structure.

HLB E-Rechnungs-Fit IN
No matter the data format (ZUGFeRD, XRechnung or another format such as EDI) in which your supplier's e-invoice is received: the data structure must comply with the e-invoicing requirements. The use of technical solutions is essential. But does your software solution detect the relevant errors?

HLB E-Rechnungs-Fit IN lets you put this process through its paces. We provide test invoices. You can use a solution matrix to check whether your software solution detects the errors contained in the test invoices. You can then implement the necessary measures to improve the invoice verification process.

Process E-Rechnungs-Fit OUT

1 Provision of test invoices	2 Invoice verification	3 Visualisation	4 Analysis and correction	5 Further optimisation
Coverage of all invoice types Testing of all formats, e.g. XRechnung, ZUGFeRD or EDI	Simulation of invoice verification process by the customer	Presentation of the results in an Excel matrix	In-depth error analysis Preparation of corrective invoices Optional	Development of optimisation measures for the outgoing invoices process Optional
Client	HLB	HLB	HLB	Client & HLB
flat rate of €1,600 net			on a time and cost basis	

Process E-Rechnungs-Fit IN

1 Provision of the database	2 Creation of test invoices	3 Invoice verification	4 Analysis of the results	5 Further analysis
Information regarding certain master data, e.g. the name and full address of the invoice recipient	Over 100 test invoices A mix of incorrect and correct invoices Solution matrix	Test processing of invoices Functional testing of the software used	Checking the results against the solution matrix	Error analysis Development of optimisation measures for the outgoing invoices process Optional
Client	HLB	Client	Client	Client & HLB
flat rate of € 2,450 net				on a time and cost basis

Ready to optimise?
Make your e-invoicing processes efficient, legally compliant and future-proof with **HLB E-Rechnungs-Fit**. We guide you through the process step by step.

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More information on this topic can also be found at: www.stueckmann.de/en/hlb-e-rechnungs-fit

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You can find information about the events we have organised and planned for you at:
https://www.stueckmann.de/aktuelles/veranstaltungen/

SHAPING! THE FUTURE! TOGETHER!

Copy deadline: 20 April 2026

HLB Stückmann is an independent member of HLB, the global audit, tax and advisory network.